

When the authority to collect the aviation excise taxes lapsed on December 31, 1996, officials from both the General Accounting Office [GAO] and the FAA initially predicted that the \$4.35 billion in uncommitted balances in the fund at that time would be available to fund the FAA's capital programs through June 30, 1997. If Congress did not reinstate the taxes by July 1, 1997, they predicted, the Office of Management and Budget [OMB] would have to reduce the FAA's capital accounts, which are totally funded out of the trust fund—including both the facilities and equipment [F&E] account and Airport Improvement Program, to account for the \$1 billion shortfall between the trust fund's fiscal year 1997 expected contribution of \$5.3 and the actual contribution of \$4.35.

According to the FAA, this reduction in the facilities and equipment account could force the FAA to issue stop work orders on all major F&E contracts, which include upgrades of the current air traffic control system throughout the country. The Airport Improvement Program would suffer an even greater impact. Under the original projections, if the aviation taxes were not reinstated, funding for the airport improvement would have to be reduced by as much as \$300 million in fiscal year 1997. Existing funding agreements under the AIP would be maintained, but no new, discretionary funding would be provided for high priority safety and security projects, capacity projects, and important noise mitigation programs.

From a Washington State perspective, fiscal year 1997 funding for noise mitigation is particularly important. Seattle-Tacoma International Airport has been a national leader in noise mitigation programs and was the first to implement a local housing insulation program to reduce the impact on houses near the airport. The current program, which is partially funded through the AIP's discretionary noise mitigation grants, is scheduled to run through the year 2003.

Under the FAA and GAO's original projections, it was clear that reinstating the taxes as quickly as possible was the appropriate action for Congress to take to ensure that the U.S. aviation system continues to be the best system in the world. The need to do this became even more urgent in mid-January, however, when the Treasury Department announced that because of an accounting error, the Airport and Airway Trust Fund could be insolvent as early as March or April.

Let me explain the events, as I understand them, which led to accounting error made at by the Treasury Department. Each airline deposits the ticket taxes it collects to the IRS every 2 weeks. Under the look-back provisions of the IRS safe harbor rule, however, an airline can base the amount of that payment on the amount of excise taxes it collected in a 2-week period from the second preceding quarter before the current quarter. In other words, in

making a 2-week tax payment in the third quarter of the year, an airline can deposit the amount it collected in a 2-week period during the first quarter of that year. If the taxes it deposits are less than what the airline actually took in during the third quarter, the airline can make up that underpayment when it files its quarterly return. The quarterly return date is approximately 2 months after the close of the quarter.

The 10-percent ticket tax was in place during the fourth quarter of 1996. The airlines semimonthly tax payments for that quarter, however, were based on the second quarter of 1996, during which time no excise taxes were collected. The airlines, in essence, did not remit any excise taxes during the fourth quarter of 1996, even though they were collecting these taxes from passengers at that time. The airlines had to make up for these tax underpayments by the time they file their fourth quarter returns, which are due today. Without this legislation, however, these taxes would not be deposited into the aviation trust fund, since the general-fund-to-trust-fund transfer authority expired along with the aviation excise taxes on December 31, 1996.

It appears that the Treasury Department did not account for the complex accounting procedures, and assumed that the trust fund would be credited with \$1.5 billion more than it could have been, unless Congress reinstated the authority for the IRS to transfer the fourth quarter excise taxes to the trust fund.

Last night, the Senate passed the bill that will avert the imminent insolvency of the trust fund and ensure that our aviation system remains the best and safest in the world. The temporary reinstatement of the excise taxes, however, does not necessarily mean that the taxes should be extended indefinitely. Last year, Congress created the National Civil Aviation Review Commission [NCARC] to study new mechanisms to fund the FAA after an independent audit of FAA needs. The report on the independent audit of the FAA's projected needs was released today, February 28, and now the NCARC can do its work and report back to Congress in early October 1997. While I would have preferred to maintain the aviation taxes through the end of the year to ensure that there was not another lapse while Congress thoroughly considers the NCARC recommendations, procedural and time constraints made it impossible to do this. ●

TRIBUTE TO BRYCE PICKERING, THE 1997 U.S. SENATE YOUTH PROGRAM DELEGATE FROM NEW HAMPSHIRE

● Mr. SMITH of New Hampshire. Mr. President, I rise today to congratulate Bryce Pickering, the New Hampshire recipient of the 1997 U.S. Senate Youth Program Scholarship. Bryce was se-

lected by school superintendents from across the country as one of two delegates from New Hampshire for a week-long study of the Federal Government in Washington, DC. I was honored to have participated in the program as a member of the advisory board. I know first hand what an enriching experience this will be for him.

Bryce is from Plymouth, NH, and in his senior year at the Plymouth High School. In addition to an excellent academic record, Bryce is president of the student council. Apart from his extracurricular activities, he is also a school board representative, editor of the yearbook and a member of the school community council. Bryce is also a member of the Leo Club.

Through his community and school work, Bryce has demonstrated great initiative and an interest in political affairs. He has been awarded a \$2,000 college scholarship, and plans to study international relations.

As a former high school teacher myself, I commend Bryce for his hard work and outstanding achievements, and wish him success in his academic career. Congratulations to Bryce on this distinguished honor. ●

TRIBUTE TO STEPHANIE FRANK, THE 1997 U.S. SENATE YOUTH PROGRAM DELEGATE FROM NEW HAMPSHIRE

● Mr. SMITH of New Hampshire. Mr. President, I rise today to congratulate Stephanie Frank, the New Hampshire recipient of the 1997 U.S. Senate Youth Program Scholarship. Stephanie was selected by school superintendents from across the country as one of two delegates from New Hampshire for a week-long study of the Federal Government in Washington, DC. I was honored to have participated in the program as a member of the advisory board. I know first hand what an enriching experience this will be for her.

Stephanie is from Dover, NH, and in her senior year at the Dover High School. In addition to an excellent academic record, Stephanie is the treasurer of the student council. She pursues interests in the Dover High School band and chorus, the drama club, and is a member of the math team, the Latin club, the National Honor Society, and the tennis student council.

As the student chairman of Youth for Governor Jeanne Shaheen, Stephanie has demonstrated great initiative and an interest in State political affairs. Stephanie has been awarded a \$2,000 college scholarship for being named the 1997 U.S. Senate Youth Program delegate. She hopes to pursue an interest in a career with the U.S. Supreme Court.

As a former high school teacher myself, I commend Stephanie for her hard work and outstanding achievements, and I wish her success in her academic career. Congratulations to Stephanie on this distinguished honor. ●